

**Introduced by Committee on Revenue and Taxation (Senators
Cedillo (Chair), Alpert, Bowen, and Burton)**

February 27, 2003

An act to amend Sections 2205 and 5008.6 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1067, as introduced, Committee on Revenue and Taxation. Filings: suspension penalty.

Existing law requires a corporation to file specified information with the Secretary of State. Under existing law, the powers, rights, and privileges of a corporation may be suspended if it fails to file this information and other designated circumstances exist.

This bill would make nonsubstantive changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 2205 of the Corporations Code is
2 amended to read:
3 2205. (a) A corporation ~~that (1) fails to file a statement~~
4 ~~pursuant to Section 1502 for an applicable filing period, (2) has not~~
5 ~~filed a statement pursuant to Section 1502 during the preceding 24~~
6 ~~months, and (3) was certified for penalty pursuant to Section 2204~~
7 ~~for the same filing period, shall be~~ is subject to suspension
8 pursuant to this section rather than to *assessment of a penalty*
9 pursuant to Section 2204 *if all of the following circumstances exist:*

1 (1) *The corporation failed to file a statement pursuant to*
2 *Section 1502 for an applicable filing period.*

3 (2) *The corporation has not filed a statement pursuant to*
4 *Section 1502 during the preceding 24 months.*

5 (3) *The corporation was certified for a penalty pursuant to*
6 *Section 2204 for the same filing period.*

7 (b) ~~When~~ If subdivision (a) is applicable, the Secretary of State
8 shall mail a notice to the corporation informing the corporation
9 that its corporate powers, rights, and privileges will be suspended
10 after 60 days if it fails to file a statement pursuant to Section 1502.

11 (c) After the expiration of the 60-day period without any
12 statement filed pursuant to Section 1502, the Secretary of State
13 shall notify the Franchise Tax Board of the suspension, and mail
14 a notice of the suspension to the corporation and thereupon, except
15 for the purpose of amending the articles of incorporation to set
16 forth a new name, the corporate powers, rights, and privileges of
17 the corporation are suspended.

18 (d) A statement pursuant to Section 1502 may be filed
19 notwithstanding suspension of the corporate powers, rights, and
20 privileges pursuant to this section or Section 23301 or 23301.5 of
21 the Revenue and Taxation Code. Upon the filing of a statement
22 pursuant to Section 1502 by a corporation that has suffered
23 suspension pursuant to this section, the Secretary of State shall
24 certify that fact to the Franchise Tax Board, and the corporation
25 may thereupon be relieved from suspension unless the corporation
26 is held in suspension by the Franchise Tax Board by reason of
27 Section 23301 or, 23301.5 of the Revenue and Taxation Code.

28 SEC. 2. Section 5008.6 of the Corporations Code is amended
29 to read:

30 5008.6. (a) A corporation ~~that (1) fails to file a statement~~
31 ~~pursuant to Section 6210, 8210, or 9660 for an applicable filing~~
32 ~~period, (2) has not filed a statement pursuant to Section 6210,~~
33 ~~8210, or 9660 during the preceding 24 months, and (3) was~~
34 ~~certified for penalty pursuant to Section 6810, 8810, or 9690 for~~
35 ~~the same filing period, shall be~~ is subject to suspension pursuant
36 to this section rather than to *assessment of a penalty* under Section
37 6810 or 8810 *if all of the following circumstances exist:*

38 (1) *The corporation failed to file a statement pursuant to*
39 *Section 6210, 8210, or 9660 for an applicable filing period.*

1 (2) *The corporation has not filed a statement pursuant to*
2 *Section 6210, 8210, or 9660 during the preceding 24 months.*

3 (3) *The corporation was certified for a penalty pursuant to*
4 *Section 6810, 8810, or 9690 for the same filing period.*

5 (b) ~~When~~ If subdivision (a) is applicable, the Secretary of State
6 shall mail a notice to the corporation informing the corporation
7 that its corporate powers, rights, and privileges will be suspended
8 60 days from the date of the notice if the corporation does not file
9 the statement required by Section 6210, 8210, or 9660.

10 (c) If the 60-day period expires without the delinquent
11 corporation filing the required statement, the Secretary of State
12 shall notify the Franchise Tax Board of the suspension, and mail
13 a notice of the suspension to the corporation. Thereupon, except
14 for ~~the purpose of filing an application for exempt status or~~
15 amending the articles of incorporation to set forth a new name ~~or~~
16 ~~filing an application for exempt status~~, the corporate powers,
17 rights, and privileges of the corporation are suspended.

18 (d) A statement required by Section 6210, 8210, or 9660 may
19 be filed, notwithstanding suspension of the corporate powers,
20 rights, and privileges under this section or under provisions of the
21 Revenue and Taxation Code. Upon the filing of a statement under
22 Section 6210, 8210, or 9660, by a corporation that has suffered
23 suspension under this section, the Secretary of State shall certify
24 that fact to the Franchise Tax Board, and the corporation may
25 thereupon be relieved from suspension, unless the corporation is
26 held in suspension by the Franchise Tax Board because of Section
27 23301, 23301.5, or 23775 of the Revenue and Taxation Code.